

ALASKA STATE LEGISLATURE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

March 31, 2015

3:03 p.m.

MEMBERS PRESENT

Representative Paul Seaton, Chair
Representative Liz Vazquez, Vice Chair
Representative Neal Foster
Representative Louise Stutes
Representative David Talerico
Representative Geran Tarr
Representative Adam Wool

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 148

"An Act relating to medical assistance reform measures; relating to eligibility for medical assistance coverage; relating to medical assistance cost containment measures by the Department of Health and Social Services; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 148

SHORT TITLE: MEDICAL ASSISTANCE COVERAGE; REFORM

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/18/15	(H)	READ THE FIRST TIME - REFERRALS
03/18/15	(H)	HSS, FIN
03/24/15	(H)	HSS AT 3:00 PM CAPITOL 106
03/24/15	(H)	Heard & Held
03/24/15	(H)	MINUTE(HSS)
03/26/15	(H)	HSS AT 3:00 PM CAPITOL 106
03/26/15	(H)	Heard & Held
03/26/15	(H)	MINUTE(HSS)
03/28/15	(H)	HSS AT 3:00 PM CAPITOL 106
03/28/15	(H)	Heard & Held
03/28/15	(H)	MINUTE(HSS)

03/31/15

(H)

HSS AT 3:00 PM CAPITOL 106

WITNESS REGISTER

JON SHERWOOD, Deputy Commissioner
Medicaid and Health Care Policy
Office of the Commissioner
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 148.

VALERIE DAVIDSON, Commissioner Designee
Office of the Commissioner
Department of Health and Social Services (DHSS)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 148.

MARGARET BRODIE, Director
Director's Office
Division of Health Care Services
Department of Health and Social Services
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 148.

STACIE KRALY, Chief Assistant Attorney General
Statewide Section Supervisor
Human Services Section
Civil Division (Juneau)
Department of Law
Juneau, Alaska

POSITION STATEMENT: Answered questions during discussion of HB 148.

ACTION NARRATIVE

[3:03:01 PM](#)

CHAIR PAUL SEATON called the House Health and Social Services Standing Committee meeting to order at 3:03 p.m. Representatives Seaton, Vazquez, Tarr, Stutes, Talerico, and Wool were present at the call to order. Representative Foster arrived as the meeting was in progress.

HB 148-MEDICAL ASSISTANCE COVERAGE; REFORM

3:03:30 PM

CHAIR SEATON announced that the only order of business would be HOUSE BILL NO. 148, "An Act relating to medical assistance reform measures; relating to eligibility for medical assistance coverage; relating to medical assistance cost containment measures by the Department of Health and Social Services; and providing for an effective date."

3:06:40 PM

CHAIR SEATON moved to adopt Amendment 1, labeled 29-GH1055\A.2, Glover, 3/24/15, which read:

Page 7, following line 15:

Insert a new bill section to read:

"* Sec. 9. AS 47.07.030(d) is amended to read:

(d) The department **shall** [MAY] establish [AS OPTIONAL SERVICES] a primary care case management system or a managed care organization contract in which certain eligible individuals, **including super-utilizers as identified by the department,** are required to enroll and seek approval from a case manager or the managed care organization before receiving certain services. The department shall establish enrollment criteria and determine eligibility for services consistent with federal and state law."

Renumber the following bill sections accordingly.

Page 9, following line 3:

Insert a new bill section to read:

*** Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MEDICAID MANAGED CARE FOR SUPER-UTILIZERS. On or before January 1, 2017, the Department of Health and Social Services shall

(1) establish a primary care case management system or a managed care organization contract under AS 47.07.030(d), as amended by sec. 9 of this Act, for super-utilizers, as identified by the department; and

(2) deliver a report on the system or contract to the senate secretary and the chief clerk

of the house of representatives and notify the legislature that the report is available."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 10"

Insert "sec. 11"

Page 9, line 17:

Delete "10"

Insert "11"

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 15 and 16"

Page 9, line 24:

Delete "by sec. 16"

Insert "in sec. 18"

CHAIR SEATON explained that this amended Section 9 of the proposed bill, the establishment of a primary care case management system or managed care organization for certain individuals, changing "may" to "shall" and adding the phrase "including super-utilizers as identified by the department." He reported that the proposed amendment also added a new section, Section 14, to the proposed bill. He stated that the genesis of this amendment was to address super-utilizers, as they had been identified as a source of a large potential savings.

REPRESENTATIVE TARR objected, and asked for clarification of the intention, as she had understood that this proposed amendment had been withdrawn during the previous meeting.

CHAIR SEATON explained that he had only taken it off the table during the previous meeting, and that this proposed amendment would require that Department of Health and Social Services do what was in statute.

REPRESENTATIVE TARR expressed her concern whether there was capacity to meet the proposed amendment, noting that almost 25 percent of the super-utilizers were her constituents. She acknowledged that there had been a program implemented to address this problem, which had saved several million dollars. She reported that Medicaid Expansion would provide an additional opportunity to address this, although she expressed her concern

for the availability of capacity to meet this directive. She asked how the proposed amendment differed from the existing reform measures.

3:08:35 PM

JON SHERWOOD, Deputy Commissioner, Medicaid and Health Care Policy, Office of the Commissioner, Department of Health and Social Services, in response, said that the department believed that it had the capacity to expand for more use by super-utilizers under the current case management system.

CHAIR SEATON reiterated that the amendment allowed the committee to identify reforms which it required to be in the proposed bill, and for the legislature to receive a report that the reforms were being addressed.

3:09:39 PM

REPRESENTATIVE TARR asked how this was different than the current program addressing the super-utilizer problem.

VALERIE DAVIDSON, Commissioner Designee, Office of the Commissioner, Department of Health and Social Services (DHSS), replied that there were about 2000 Medicaid beneficiaries currently enrolled in the super-utilizer contract. She said that, as the program was voluntary, this provision of the proposed amendment would require the department to set up the system, reiterating that it would become compulsory instead of optional, and would reinforce the ongoing efforts by the department. She pointed out that it allowed flexibility for this to be accomplished either through the existing contract or another mechanism.

REPRESENTATIVE TARR pointed out that, as the required report was one of three that came due on January 1, this would allow for the possibility of consolidation or coordination of report requirements.

CHAIR SEATON said that the committee would be in contact with the department to work toward a practical solution, although he expressed concern that the reform reports may be lost in a larger report.

3:11:31 PM

REPRESENTATIVE VAZQUEZ asked which database or software was used to identify super-utilizers.

MR. SHERWOOD said that the information was obtained from the claims payment system, the Medicaid Management Information Systems (MMIS), although he was not sure which specific software was used.

REPRESENTATIVE VAZQUEZ asked whether MMIS was the predecessor of the Alaska Health Enterprise System.

MR. SHERWOOD replied that he had used MMIS as a generic term for the claims processing and related software system. He expressed agreement that the current system was called Enterprise, although he was unsure for when the data had been extracted.

REPRESENTATIVE VAZQUEZ asked whether accuracy in the Enterprise was important.

MR. SHERWOOD replied that DHSS did strive for an accurate claims payment system.

CHAIR SEATON asked if these questions were directed to the proposed amendment.

REPRESENTATIVE VAZQUEZ explained that, as it was necessary to identify super-utilizers through the Enterprise claims payment system, she was going to ask questions pertaining to the effectiveness of the claims payment system. She directed attention to the statewide single audit for Fiscal Year 2014.

MR. SHERWOOD replied that he was familiar with the audit.

REPRESENTATIVE VAZQUEZ pointed to a recommendation that the DHSS commissioner should take action to implement effective controls to ensure Medicaid claims were processed accurately and timely. She said that there were many defects identified, and this "resulted in a material weakness in internal controls over the Medicaid and CHIP programs." She asked how DHSS planned to identify more super utilizers, if the claims payment system was not functioning properly.

[3:15:00 PM](#)

MARGARET BRODIE, Director, Director's Office, Division of Health Care Services, Department of Health and Social Services, explained that the super utilizer information was taken from the

decision support system, not the claims payment processing system.

REPRESENTATIVE VAZQUEZ asked for an explanation to the decision support system, questioning whether it was a surveillance utilization and review system.

MS. BRODIE replied that it was similar, although a different tool.

CHAIR SEATON asked to return to the proposed amendment for establishment of a case management system, and not be concerned with the exact technology used to identify super-utilizers.

[3:16:03 PM](#)

REPRESENTATIVE TARR removed her objection. There being no further, Amendment 1, labeled 29-GH1055\A.2, Glover, 3/24/15, was adopted.

[3:16:35 PM](#)

CHAIR SEATON moved to adopt Amendment 3, labeled 29-GH1055\A.1, Glover, 3/24/15, which read:

Page 9, line 24:
Delete "July"
Insert "August"

CHAIR SEATON explained that this changed the effective date from July 1 to August 1, in order to avoid overlap and potential coding issues created by the rollout of the new state fiscal system which would begin on July 1. There being no objection, Amendment 3, labeled 29-GH1055\A.1, Glover, 3/24/15, was adopted.

[3:17:33 PM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 4, labeled 29-GH1055\A.9, Glover, 3/24/15, which read:

Page 6, line 17:
Delete "**203** [175]"
Insert "175"

Page 6, line 21:
Delete "**200** [175]"

Insert "175"

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that the proposed amendment would decrease the percentage relative to the federal poverty level back to its original level of 175 percent.

3:19:02 PM

REPRESENTATIVE TARR offered her understanding that the current calculations were set at 175 percent of the federal poverty level, but were then adjusted, which brought the percentages to the proposed levels of 203 percent and 200 percent. She declared that it would be necessary to continue to make these modified adjusted gross income (MAGI) adjustments. She offered her understanding that placing the figures in the statute offered more transparency to the actual amount of income, and did not make it necessary to make the adjustments.

3:20:01 PM

MR. SHERWOOD confirmed the explanation by Representative Tarr that this reflected the required conversion of income levels to the MAGI standards.

CHAIR SEATON asked for clarification that the MAGI of 203 percent and 200 percent was a federal requirement, and that maintenance of the 175 percent would not be adhered to as it was in violation of federal law.

MR. SHERWOOD said that the amendment would not have any effect, as it was necessary to include the MAGI conversion when calculating income eligibility.

3:21:28 PM

REPRESENTATIVE VAZQUEZ asked for clarification that the present standard for 175 percent of federal poverty level was not federally allowed.

MR. SHERWOOD explained that it was a requirement to convert the pre-MAGI standard, which included the use of income disregards, to a post-MAGI standard which was the equivalent amount without the use of income disregards.

REPRESENTATIVE VAZQUEZ reiterated her question whether 175 percent of the federal poverty level was not allowed by federal statute.

MR. SHERWOOD explained that federal law dictated the ways to apply the standard, as there was a maintenance of effort requirement for covering children. He declared that DHSS could not reduce the standard for children and make a MAGI standard at 175 percent of federal poverty level. He offered his belief that the pregnant woman standard could be amended. He stated that removal of the proposed language change would have the effect of allowing the pre-MAGI standard in statute to remain in statute, and federal law required that these standards be converted.

[3:23:26 PM](#)

REPRESENTATIVE VAZQUEZ pointed out that the first part of proposed Amendment 4 pertained to Denali Kid Care, with a present standard of 175 percent of the federal poverty level; whereas the second part of the proposed amendment pertained to pregnant ladies, which was also at 175 percent of the federal poverty level. She asked if this was not in compliance with federal law.

[3:24:09 PM](#)

COMMISSIONER DAVIDSON asserted that testimony in every previous hearing for proposed HB 148 had explained that this change of the proposed bill endeavored to be open and transparent to the public for the new percentages [to federal poverty levels] after they were converted to the newly required MAGI standards.

CHAIR SEATON stated that the 175 percent with disregards for certain amounts equaled 203 percent [of federal poverty levels] in one section, and it equaled 200 percent [of federal poverty levels] in the other section.

COMMISSIONER DAVIDSON offered her agreement.

CHAIR SEATON maintained his objection so that the statutes did not reflect a figure no longer allowed by Medicaid.

[3:25:17 PM](#)

REPRESENTATIVE VAZQUEZ asked if the present statute was not in compliance with federal law.

CHAIR SEATON emphasized that 175 percent with disregards was equal to 203 percent, pointing out that, as the proposed amendment did not address the disregards, it did not address the complete law. He reiterated that the complete law was for 175 percent with disregards, which equaled 203 percent of the MAGI standards. He said that the 175 percent with disregards was no longer acceptable to Medicaid and Medicare Services.

REPRESENTATIVE VAZQUEZ said she had not seen any federal regulations that Alaska statute was not in compliance. She acknowledged the MAGI formula, but that an argument was being made that the current Alaska statute was not in compliance with federal law. She said that this was a separate issue than taking into consideration the MAGI formula. She demanded an answer to the legal issue by someone who had a juris doctor and knew something about federal statutes that affected our programs.

CHAIR SEATON declared that there was a proposed amendment in front of the committee, that there had been discussion and it was understood that there were differences in opinion, and he was now calling for a vote.

A roll call vote was taken. Representatives Vazquez and Talerico voted in favor of Amendment 4. Representatives Stutes, Wool, Tarr, Foster, and Seaton voted against it. Therefore, Amendment 4, labeled 29-GH1055\A.9, Glover, 3/24/15, failed by a vote of 2 yeas - 5 nays.

[3:28:42 PM](#)

CHAIR SEATON moved to adopt Amendment 5, labeled 29-GH1055\A.14, Nauman/Glover, 3/25/15, which read:

Page 2, line 13, following "program":

Insert "; and the Department of Health and Social Services shall contract with an independent third party to advise the department during the development of the tax proposal under this paragraph."

REPRESENTATIVE TALERICO objected for discussion.

CHAIR SEATON explained that the proposed amendment added to the governor's intent language on page 2 [of the proposed bill] for a provider tax with a requirement that Department of Health and Social Services contract with an independent third party to

advise in the development of the tax. He reported that a provider tax was a good mechanism for support toward the state deficit in health care, as every state with the exception of Alaska had some sort of provider tax. He allowed that, as these taxes were complicated and complex, a third party contractor would offer advice.

REPRESENTATIVE TALERICO withdrew his objection. There being no further objection, Amendment 5, labeled 29-GH1055\A.14, Nauman/Glover, 3/25/15, was adopted.

3:30:34 PM

REPRESENTATIVE TALERICO withdrew proposed Amendment 6, labeled 29-GH1055\A.17, Mischel/Glover, 3/25/15.

3:31:02 PM

CHAIR SEATON moved to adopt Amendment 7, labeled 29-GH1055\A.19, Nauman/Glover, 3/25/15, which read:

Page 9, following line 3:

Insert a new bill section to read:

"* Sec. 13. The uncodified law of the State of Alaska is amended by adding a new section to read:

COST-SHARING; REPORT TO LEGISLATURE. The Department of Health and Social Services shall prepare a report summarizing cost-sharing measures implemented before March 1, 2015, by the Department of Health and Social Services under AS 47.07.042 and describing the effect of those measures on the state budget. On or before March 1, 2016, the Department of Health and Social Services shall deliver a copy of the report to the senate secretary and chief clerk of the house of representatives and notify the legislature that the report is available."

Renumber the following bill sections accordingly.

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 14 and 15"

Page 9, line 24:

Delete "sec. 16"

Insert "sec. 17"

REPRESENTATIVE TALERICO objected for discussion.

CHAIR SEATON explained that this added to the uncodified law requirements that the Department of Health and Social Services prepare a report describing the current cost measures implemented under AS 47.07.042 prior to March [1, 2015] with a report due [describing the effects of those measures] on March 1, 2016. He offered conceptual Amendment 1 to proposed Amendment 7, changing March 1, 2015 on line 7 of the proposed amendment to October 1, 2015, as it would then correspond to the due date for federal changes.

REPRESENTATIVE TARR asked for clarification that the report was due on March 1, 2016.

CHAIR SEATON expressed his agreement, and reiterated that the conceptual amendment would change the date on line 7 of proposed Amendment 7 from March 1, 2015 to October 1, 2015 so it could include the implemented changes required by the Centers for Medicare and Medicaid Services (CMS) related to this as these needed to be completed prior to October.

CHAIR SEATON asked if there was further objection to conceptual Amendment 1 to proposed Amendment 7. In response to Representative Wool, he explained that the report would be due on March 1, 2016, which would summarize information through October 1, 2015. He explained that there were cost savings measures which had been already been implemented, and that there could possibly be more before the federal deadline of October 1, 2015. He stated that this would require a report from DHSS to the legislature on the effects of these cost savings measures by March 1, 2016.

[3:34:42 PM](#)

REPRESENTATIVE WOOL expressed his concern that October would not allow enough time, and that he wanted to ensure that report reform was not necessary.

CHAIR SEATON directed attention back to the proposed conceptual Amendment 1 which proposed a change to the date for the cost sharing measures to be implemented as it would then correspond to the federal deadline for changes prior to October 1, 2015. He added that the report to the legislature for the DHSS implemented cost sharing measures would then be due by March 1, 2016.

3:36:11 PM

REPRESENTATIVE VAZQUEZ asked how cost sharing was defined.

CHAIR SEATON read from the cost sharing mechanism handout titled "Medicare Cost Sharing" [Included in members' packets], noting that the department was currently soliciting federal technical assistance for implementing the new federal rules which were income based formulaic and aggregate caps. He explained that the amendment would request that a report be submitted to the legislature from DHSS to list what had been implemented.

REPRESENTATIVE VAZQUEZ asked if this was a working document from DHSS, a proposed regulation, or a conceptual document. She stated that the source had not been indicated on the document.

3:38:28 PM

CHAIR SEATON, in response, said that the document was a synopsis of existing cost sharing measures, that it came from the statute in regulations, 7AAC.105.610(b), which were required to be done. He pointed out that the impending required cost sharing charges were at the bottom. He reiterated that proposed Amendment 7 required a report on the cost sharing measures to the Alaska State Legislature.

3:39:10 PM

REPRESENTATIVE VAZQUEZ asked for the department to confirm these regulations.

MR. SHERWOOD stated that this document was prepared by DHSS and provided to the House Health and Social Services Standing Committee, and that it summarized the current regulations and described the impending changes in federal statute and regulations.

REPRESENTATIVE VAZQUEZ asked if this was required by the Patient Protection and Affordable Care Act as of January 1, 2014.

MR. SHERWOOD said that the Patient Protection and Affordable Care Act did require changes to cost sharing, and that it was accompanied by changes to federal regulations around cost sharing.

3:40:19 PM

REPRESENTATIVE VAZQUEZ expressed concern that March 1, 2015 was rather late in the legislative session, and she suggested that this be moved to an earlier date.

CHAIR SEATON asked if she was objecting to conceptual Amendment 1, which changed the report date from March 1, 2015 until October 1, 2015. He pointed out that October was the date for federal guidelines to be implemented and that DHSS had requested technical assistance for those changes. Without the date change there would only be a report for what had been done prior to March 1, 2015, which would not include any additional cost sharing measures implemented prior to the required federal timeline.

REPRESENTATIVE VAZQUEZ said that she wanted to know what was being done in the future, next January or February [2016].

CHAIR SEATON declared that this the intention of conceptual Amendment 1. He reiterated that the date change for the report would allow inclusion of all the cost sharing elements which were changed and implemented.

[3:42:25 PM](#)

There being no objection, conceptual Amendment 1 to proposed Amendment 7 was adopted.

[3:43:07 PM](#)

REPRESENTATIVE TALERICO removed his objection to proposed Amendment 7, and then reinserted his objection for further discussion.

REPRESENTATIVE TARR asked whether the dates could be better aligned to fiscal year reports in order to better assess the success of the programs.

CHAIR SEATON clarified that the proposed amendment was summarizing the cost sharing measures and not necessarily the exact money saved by these measures.

[3:44:55 PM](#)

REPRESENTATIVE TALERICO removed his objection. There being no further objection, Amendment 7, as amended, labeled 29-GH1055\A.19, Nauman/Glover, 3/25/15, was adopted.

[3:45:11 PM](#)

CHAIR SEATON moved to adopt Amendment 8, labeled 29-GH1055\A.20, Glover, 3/25/15, which read: [Amendment 8 is provided at the end of these minutes]

REPRESENTATIVE TALERICO objected for discussion.

CHAIR SEATON explained that proposed Amendment 8 required that DHSS would establish prevention of disease as a primary model of health care, which had been unanimously requested by the legislature in 2011 in Legislative Resolve 16. He declared that the proposed amendment added the duty to DHSS to establish guidelines for medical assistance providers to develop health care delivery models that encourage adequate nutrition and disease prevention.

[3:46:07 PM](#)

REPRESENTATIVE TALERICO asked for any comments by DHSS.

MR. SHERWOOD declared that DHSS had no objection to proposed Amendment 8.

REPRESENTATIVE TALERICO removed his objection. There being no further objection, Amendment 8, labeled 29-GH1055\A.20, Glover, 3/25/15, was adopted.

[3:46:49 PM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 9, labeled 29-GH1055\A.24, Glover, 3/26/15, which read:

Page 7, following line 1:

Insert a new bill section to read:

"* **Sec. 7.** AS 47.07.020(d) is amended to read:

(d) **Notwithstanding (a) of this section, additional [ADDITIONAL] groups, including groups added on or after March 23, 2010, to the list of persons for whom the Social Security Act requires Medicaid coverage under 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act),** may not be added unless approved by the legislature."

Renumber the following bill sections accordingly.

Page 9, line 12:
Delete "sec. 10"
Insert "sec. 11"

Page 9, line 17:
Delete "10"
Insert "11"

Page 9, line 23:
Delete "Sections 13 and 14"
Insert "Sections 14 and 15"

Page 9, line 24:
Delete "by sec. 16"
Insert "in sec. 17"

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that proposed Amendment 9 required that the legislature approve any expansion of eligibility categories and that it was appropriate for the legislature to properly consider all issues and consequences intended and unintended before additional eligibility categories or groups were added on to the Medicaid program, given the fiscal situation in Alaska. She referenced a Legislative Audit Division report which indicated that there were many issues confronting the Department of Health and Social Services. She offered her belief that the addition of populations to a program that was not functioning well was not in the best interests of the State of Alaska.

COMMISSIONER DAVIDSON, in response to Chair Seaton, said that it was unusual for a requirement asking permission from the legislature to comply with federal law. She declared that this provision was for a mandatory covered service and that DHSS had a concern that non-compliance with a mandatory provision and federal law would put the entire Medicaid program at risk.

CHAIR SEATON asked for examples for mandatory Medicaid expansions.

MR. SHERWOOD replied that the most recent addition was the Medicaid expansion population but that the Supreme Court ruled that states could not be sanctioned for non-compliance with Medicaid expansion in the Patient Protection and Affordable Care Act. He relayed that in the past there had been special

coverage added to provide assistance to low income Medicare beneficiaries, which provided premium support to a slightly broader range of Medicare beneficiaries.

[3:51:47 PM](#)

CHAIR SEATON reflected that this amendment would require legislative approval of Medicaid expansion as it was after the March 23, 2010 date in the amendment.

[3:52:29 PM](#)

REPRESENTATIVE STUTES asked if there was any occasion to add additional groups other than if there was a federal mandate.

COMMISSIONER DAVIDSON expressed her agreement.

[3:52:53 PM](#)

REPRESENTATIVE VAZQUEZ said that there had been discussion regarding the ability of the executive branch to proceed with expansion of Medicaid into groups that were not previously covered, as there was no need for legislative approval. She opined that the proposed amendment would ensure legislative approval for further fiscal responsibilities, and would require that any statement by DHSS that something was "absolutely required by federal statute" would be "fully vetted and fully examined by the legislature." She declared that it was a duty of the legislature to appropriate money for programs.

REPRESENTATIVE STUTES asked if there had ever been an occasion that a group had been included when it had not been federally directed.

MR. SHERWOOD replied that current statute required that addition of any optional group had to be approved by the legislature. He reported that the proposed amendment would require that the addition of any groups that were federally mandated would still have to be approved by the legislature. He said that federally mandated groups had been added without approval of the legislature, and he pointed out that it was still necessary for DHSS to receive budgetary authority from the legislature.

CHAIR SEATON asked if those mandated groups had been narrow or broad exceptions.

MR. SHERWOOD explained that the most recent mandates had been narrow, especially around Medicare program changes, which had shifted coverage, changed the premium and co-pay costs, and included protections in the Medicaid program for low income Medicare beneficiaries. He reported that there had been an expansion of mandatory coverage for children and pregnant women with higher incomes in the 1980s and early 1990s.

[3:56:25 PM](#)

REPRESENTATIVE STUTES asked whether a federal mandate would supersede the Alaska State Legislature, as otherwise a program would be in jeopardy.

COMMISSIONER DAVIDSON expressed her agreement.

[3:57:04 PM](#)

REPRESENTATIVE VAZQUEZ said that there had recently been state challenges to the federal government with regard to Medicaid expansion, resulting in a U. S. Supreme Court determination that the federal government could not make the states expand the program.

[3:57:55 PM](#)

COMMISSIONER DAVIDSON replied that she was very aware of the provision, and, as it was not a required coverage, the proposed amendment was not necessary.

CHAIR SEATON explained that, as the service was optional for the expansion population, it was not covered by the proposed amendment which only covered mandated services. He allowed that it was possible to entirely drop Medicaid, putting the program at risk by not accepting a mandatory service, and he questioned whether that was the desired outcome.

REPRESENTATIVE TARR expressed understanding that the legislature should be involved in the funding, stating that it was her responsibility to be a participant in the budget process which provided all the necessary opportunities to ask the tough questions, delve into the budget details, and question any requirements.

[3:59:20 PM](#)

REPRESENTATIVE VAZQUEZ said that the proposed amendment did not address mandatory services, but instead addressed the inclusion of additional groups or categories. She stated that there were two concepts, the mandatory Medicaid services versus the optional Medicaid services, with expansion of the program through the addition of people, and that was what this amendment addressed.

[3:59:56 PM](#)

The committee took an at-ease from 3:59 p.m. to 4:06 p.m.

[4:06:34 PM](#)

REPRESENTATIVE STUTES asked for an explanation to any change resulting from proposed Amendment 9.

STACIE KRALY, Chief Assistant Attorney General, Statewide Section Supervisor, Human Services Section, Civil Division (Juneau), Department of Law, explained that proposed Amendment 9 required the Department of Health and Social Services to get legislative approval to add additional mandatory eligible individuals to the Medicaid program. It was still necessary for the department to come to the legislature to add any optional eligible individuals to the Medicaid program.

REPRESENTATIVE STUTES asked if this requirement was for federally mandated individuals.

[4:07:47 PM](#)

REPRESENTATIVE WOOL asked for clarification that these were people already covered under the expansion.

COMMISSIONER DAVIDSON explained that this would be for groups added after March [March 23, 2010], and offered an example for an addition by the federal Medicaid program of mandatory coverage for a certain population. As this proposed amendment would require the Department of Health and Social Services, in order to comply with federal law, to first go to the legislature for permission, she opined that the department would be out of compliance with federal law before the approval was granted.

[4:08:45 PM](#)

REPRESENTATIVE VAZQUEZ said that the attorney [Ms. Kraly] did not answer the question. She stated that the legislature should

know when an additional eligibility category was added to the Medicaid program.

4:09:57 PM

A roll call vote was taken. Representative Vazquez voted in favor of Amendment 9, labeled 29-GH1055\A.24, Glover, 3/26/15. Representatives Foster, Stutes, Wool, Tarr, and Seaton voted against it. Therefore, Amendment 9 failed by a vote of 1 yea - 5 nays.

4:10:42 PM

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 10, labeled 29-GH1055\A.25, Nauman/Glover, 3/28/15, which read: [Amendment 10 is provided at the end of these minutes]

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that the proposed amendment created a Medicaid Task Force to include four representatives appointed by the Speaker of the House of Representatives, four senators appointed by the President of the Senate, four public members selected by the governor based on their knowledge of the health care systems of the state, Medicaid, and the budget of the state, and the commissioner of the Department of Health and Social Services. She said that the Task Force was charged with delivering a report to the legislature which included policy options and recommendations to reduce costs related to Medicaid use in the state; and recommendations, including draft legislation, to achieve the policy objective proposed by the task force. She said that the task force would meet as frequently as necessary, and that it would expire on April 1, 2017. She noted that there would also be a fiscal note. She opined that it was more critical than ever to resurrect the idea of a task force.

4:12:32 PM

REPRESENTATIVE STUTES said that, although she was not opposed to a task force, 13 people was too many as it would be difficult to get them all together. She stated that she could not support the proposed amendment as written.

REPRESENTATIVE FOSTER offered his belief that previous task forces had been created in separate, stand-alone bills.

4:13:19 PM

CHAIR SEATON asked if DHSS had had success with a task force studying Medicaid.

COMMISSIONER DAVIDSON replied that there had been a number of Medicaid task forces or working groups. She referenced one that had met between the fall of 2010 and spring of 2011, which consisted of 12 members, including 8 legislators. She said that the final report had identified about \$20 million in savings at that time. She said that the number of reform efforts in the current proposed bill and the subsequent savings identified would exceed those task force recommendations. She declared that DHSS welcomed all opportunities to review reform efforts. She reiterated that DHSS was continually building upon the reforms that it had already undertaken. She reported that another Medicaid reform advisory group had been established during the prior administration and she listed the ten committee members which included two legislators, the commissioner, and a former commissioner. She relayed that the recommendation of that advisory group had been to forward the recommendations to the winner of the RFP that had been issued, who would include the national reform efforts and engage with stakeholders to bring the recommendations back to DHSS and the legislature. She declared that further reform efforts had been undertaken by the Alaska Healthcare Commission, a 14 member group originally established by executive order of then Governor Palin in December, 2008, and subsequently through Senate Bill 172. She listed some of the areas for review to include health care delivery, reform, and payment reform. She reiterated that DHSS welcomed any and all opportunities to reform, and that the department recommended for this task force to be proposed in stand-alone legislation.

4:16:48 PM

REPRESENTATIVE WOOL concurred with the current reforms, reports, and outside groups which had already offered recommendations and stated that the creation of an additional task force was not necessary at this time.

CHAIR SEATON directed attention to the already existing Alaska Healthcare Commission, with a similar mission and membership. He questioned the cost for an additional task force, and pointed out that the legislature would be reviewing the recommendations contained in the proposed bill. He maintained his objection to proposed Amendment 10.

[4:18:20 PM](#)

REPRESENTATIVE VAZQUEZ said that the report on the possibility of a tax on state providers for Medicaid was a separate issue. She offered her belief that the current task force had expired and that this proposed amendment would resurrect a task force. She declared that it was now even more critical in the face of the approaching \$3.5 billion deficit. She directed attention to the 25 page single statewide audit report dated June 30, 2014, indicating prior problems which had not been remedied. She offered her belief that it was time for the department to "allow some more fiscal accountability."

[4:19:54 PM](#)

A roll call vote was taken. Representative Vazquez voted in favor of Amendment 10, labeled 29-GH1055\A.25, Nauman/Glover, 3/28/15. Representatives Tarr, Foster, Stutes, Wool, and Seaton voted against it. Therefore, Amendment 10 failed by a vote of 1 yea - 5 nays.

[4:21:46 PM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 11, labeled 29-GH1055\A.29, Gardner/Glover, 3/27/15, which read:

Page 1, line 5, through page 2, line 13:

Delete all material and insert:

"* Section 1. The uncodified law of the State of Alaska is amended by adding a new section to read:

MEDICAL ASSISTANCE REFORM: LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that

(1) the current Medicaid program is not sustainable;

(2) improving the delivery of health care services to Alaskans requires state government, health care providers, patient advocates, and other parties interested in high-quality, affordable health care to collaborate to

(A) increase the availability of high-quality health care to Alaskans;

(B) provide greater value for state general fund dollars spent on the state medical assistance program;

(C) reduce health care costs;

(D) provide incentives to encourage Alaskans to take greater responsibility for their personal health;

(E) reduce or minimize the shifting of payment for unreimbursed health care costs to patients with health insurance;

(3) providing greater value for the general fund dollars spent on the state medical assistance program requires considering options for delivering services in a more efficient and cost-effective manner, including, but not limited to,

(A) offering incentives to encourage health care providers to achieve measurable performance outcomes;

(B) improving the coordination of care among health care providers who participate in the medical assistance program;

(C) reducing preventable hospital readmissions; and

(D) exploring methods of medical assistance reimbursement that promote quality of care and efficiencies;

(4) it is important to implement additional fraud, waste, and abuse safeguards to protect and preserve the integrity and sustainability of the medical assistance program;

(5) state policymakers have an interest in testing the effectiveness of wellness incentives in order to collect and analyze information about the correlation between wellness incentives and health status;

(6) the purposes of this Act are to modify and enhance the state's health care delivery system to provide access to high-quality, affordable health care for all citizens of the state.

(b) It is the intent of the legislature that the Department of Health and Social Services maximize the use of existing resources in administering the state medical assistance program."

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that the proposed amendment changed Section 1 of the proposed bill, "removing statements of reduced annual growth from 6.45 to 4.8 percent, also removes governor from the section and emphasizing minimizing wasteful

spending, fraud, and best utilization of general fund dollars." It "changes legislative intent language to ensure more meaningful reform efforts are stressed and undertaken." She declared that the proposed amendment was "more definitive, especially in the reform side."

COMMISSIONER DAVIDSON offered a recommendation that the language of the proposed amendment be added to the existing language in the intent so that all of the intent language in the existing bill would capture the successes of the department as well as the vision for reform efforts. She expressed a concern that the proposed amendment would delete existing language which directed DHSS to consult with stakeholders and provide a proposal to authorize a provider tax, recommending that the provision regarding the provider tax remain in the proposed bill.

[4:24:56 PM](#)

REPRESENTATIVE VAZQUEZ, in response to Chair Seaton, said that she would entertain an amendment to include cost sharing plans and utilization in the intent language of Section 1. In response to Chair Seaton's question for inclusion of the section regarding a provider tax, as recommended by DHSS, she said that she would object to that. She reiterated that she would support [an amendment] for cost sharing, but she would oppose addition of a provision for DHSS to submit a proposal authorizing a provider tax.

[4:25:51 PM](#)

REPRESENTATIVE TARR relayed that she was very comfortable with the original legislative intent language, which she declared was more specific to the reforms that were currently being undertaken by DHSS. She pointed out that an amendment related to the provider tax proposal had just been adopted. She offered her belief that it seemed inconsistent to remove it from an earlier part of the proposed bill.

CHAIR SEATON explained his objection that, as reforms could include a Medicaid provider tax, or at the least the initiation of a discussion for this tax, discussion of cost differentials could not ignore revenue sources. He expressed concern that page 2, lines 5 - 9, of the proposed bill discussed a requirement to evaluate options for waivers, which was not included in the proposed amendment. He maintained his objection.

REPRESENTATIVE VAZQUEZ said that she would not object to the inclusion, specifically, of waivers.

CHAIR SEATON maintained his objection.

[4:27:55 PM](#)

A roll call vote was taken. Representative Vazquez voted in favor of Amendment 11, labeled 29-GH1055\A.29, Gardner/Glover, 3/27/15. Representatives Wool, Tarr, Foster, Stutes, and Seaton voted against it. Therefore, Amendment 11 failed by a vote of 1 yea - 5 nays.

[4:29:24 PM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 12, labeled 29-GH1055\A.33, Strasbaugh/Glover, 3/28/15, which read:

Page 7, following line 9:

Insert a new bill section to read:

"* Sec. 8. AS 47.07.020(1) is amended to read:

(1) Notwithstanding the eligibility provisions under (a) and (b) of this section, a person may not receive medical assistance under this section unless the person first enrolls in the Medicare program under 42 U.S.C. 1395 and any other federally funded program providing medical assistance to the extent that the person is eligible to receive benefits and services under the program. The department shall adopt regulations establishing civil penalties for individuals who receive medical assistance in violation of this subsection."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 10"

Insert "sec. 11"

Page 9, line 17:

Delete "10"

Insert "11"

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 14 and 15"

Page 9, line 24:

Delete "by sec. 16"

Insert "in sec. 17"

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ explained that the proposed amendment clarified that the Medicaid program was the payer of last resort, and directing attention to lines 5 - 10, she read:

unless the person first enrolls in the Medicare program under 42 U.S.C. 1395 and any other federally funded program providing medical assistance to the extent that the person is eligible to receive benefits and services under the program. The department shall adopt regulations establishing civil penalties for individuals who receive medical assistance in violation of this subsection.

REPRESENTATIVE VAZQUEZ explained that any individual qualified to receive Medicare program benefits needed to first apply to the Medicare program. She stated that the department needed to establish regulations and civil penalties for individuals who did not comply.

[4:31:11 PM](#)

REPRESENTATIVE VAZQUEZ said that Alaska was currently spending \$1.6 billion on Medicaid, reiterating that Medicaid was the payer of last resort. She stated that, as this was "a very fiscally minded, responsible type of amendment," it should be adopted.

COMMISSIONER DAVIDSON relayed that, as it was already a federal requirement that Medicaid was the payer of last resort, the department did not feel that this proposed amendment was necessary. She explained that, in Alaska, individuals were required to pursue other coverage. She stated that fines were not necessary, as DHSS had the authority to terminate individuals from the Medicaid program if the individual was in violation. She expressed concern with the statement in the proposed amendment for "any other federally funded program providing medical assistance" receiving benefits and services, pointing out that there were individuals who were Medicaid beneficiaries who had access to clinics [funded under Section 330 of the Public Health Service Act] which were not considered

coverage, as well as individuals eligible to receive services from a Veterans' Administration (VA) facility, an Indian Health Service (IHS) facility, or other federal programs. She reiterated that Medicaid was already federally required to be the payer of last resort.

CHAIR SEATON asked if people were required to sign up for Medicare prior to receiving Medicaid.

MR. SHERWOOD stated that anyone eligible for Medicare needed to first apply for it, as a condition of eligibility for Medicaid. If an individual was otherwise eligible for Medicaid, they would receive it as they were in the application process for Medicare, and anyone receiving Medicaid who aged into Medicare were required to enroll in it.

REPRESENTATIVE TARR expressed her concern for the recommendation of civil penalties in the proposed amendment. She offered her understanding that an individual who knowingly had fraudulent action was prohibited from enrolling in Medicaid.

COMMISSIONER DAVIDSON expressed her agreement.

REPRESENTATIVE VAZQUEZ declared that termination of Medicaid benefits was "probably more draconian than imposing a civil penalty." She stated that Medicare would often not pay for something, whereas Medicaid would pay. She asked that the regulations for this be cited.

MR. SHERWOOD reported that it was under 7 AAC 160.200, and the cooperation with third party liability was 7 AAC 100.034.

REPRESENTATIVE VAZQUEZ asked for clarification that the regulation stated that an individual shall be terminated.

[4:37:51 PM](#)

CHAIR SEATON asked if there was a problem with elderly veterans not receiving veterans' benefits.

COMMISSIONER DAVIDSON replied that this was a possibility with the proposed amendment, as an individual who did not pursue the coverage as required and then enrolled as a Medicaid beneficiary, could face civil penalties. She reported that many veterans in rural communities had not applied for veterans benefits, and she noted that the Veterans' Administration was working to enroll veterans.

4:39:22 PM

REPRESENTATIVE STUTES asked if there was a questionnaire during enrollment for Medicaid that would reveal eligibility for other benefits. She offered her belief that, as a civil penalty would go unpaid by the majority of people eligible for Medicaid, a "larger hammer" was for the loss of benefits.

MR. SHERWOOD expressed his agreement, and clarified that cooperation with third party resources was a federal requirement and a condition of eligibility. He shared that 7 AAC 100.034(d) was the statute containing the aforementioned language to deny or terminate, although it did provide certain exceptions consistent with federal law for when there was not enforcement.

4:41:06 PM

CHAIR SEATON maintained his objection.

REPRESENTATIVE VAZQUEZ said that regulations can be changed or deleted by the department after certain procedures. She said that she would entertain a conceptual amendment to delete the civil penalty provision. She offered her belief that it was especially critical in these fiscal times to ensure that the state was the payer of last resort.

4:42:13 PM

REPRESENTATIVE STUTES asked for clarification that it was federally required that the department exhaust all other sources and that Medicaid was the payer of last resort.

COMMISSIONER DAVIDSON expressed her agreement.

REPRESENTATIVE VAZQUEZ asked if this was simply a state regulation and not a statute.

COMMISSIONER DAVIDSON replied that it was a state regulation in compliance with federal law.

REPRESENTATIVE VAZQUEZ asked who "promulgates department regulations."

COMMISSIONER DAVIDSON replied that the department promulgated regulations by publishing them, receiving feedback from individual stakeholders, and then making a final determination.

CHAIR SEATON declared that every regulation would not be put into statute. He pointed out that there were two processes and that both were effective.

4:43:38 PM

A roll call vote was taken. Representative Vazquez voted in favor of Amendment 12, labeled 29-GH1055\A.33, Strasbaugh/Glover, 3/28/15. Representatives Wool, Tarr, Foster, Stutes, and Seaton voted against it. Therefore, Amendment 12 failed by a vote of 1 yea - 5 nays.

4:44:17 PM

REPRESENTATIVE VAZQUEZ explained that proposed Amendment 13 restricted services for the [Medicaid] expansion group to only the nine mandatory services, and not the 27 optional Medicaid services, which included transportation and chiropractic care. It also required a report describing the state costs for each of the optional services.

4:45:11 PM

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 13, labeled 29-GH1055\A.34, Strasbaugh/Glover, 3/28/15, which read:

Page 7, following line 15:

Insert a new bill section to read:

"* **Sec. 9.** AS 47.07.030 is amended by adding new subsections to read:

(g) Notwithstanding (b) - (e) of this section, for individuals described under AS 47.07.020(b)(16), the department shall offer only mandatory services required under 42 U.S.C. 1396a(k) and federal regulations implementing that section.

(h) The department shall annually prepare a report describing state costs for each optional service provided under this section. The department shall deliver the report to the senate secretary and the clerk of the house of representatives and notify the legislature that the report is available."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 10"

Insert "sec. 11"

Page 9, line 17:

Delete "10"

Insert "11"

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 14 and 15"

Page 9, line 24:

Delete "by sec. 16"

Insert "in sec. 17"

REPRESENTATIVE WOOL objected for discussion.

4:45:25 PM

COMMISSIONER DAVIDSON offered her understanding that the proposed amendment would "carve out a new benefit plan for the [Medicaid] expansion population." She opined that it would limit 42 U.S.C. 1396a(k), a benchmark plan, and would not cover dental, vision, and hearing. She pointed out that these were generally covered as optional benefits under Alaska Medicaid. She explained that, as they were preventive services, they prevented more costly, additional, emergency room services, and they benefited people seeking employment. She declared that it was necessary to see and hear what employers and customers asked. She explained that optional dental services were added to the Medicaid program as it was incredibly challenging to get a job if you had poor teeth. She reiterated that the Medicaid expansion population would mirror the existing Medicaid program, so there would be an immediate opportunity to receive the additional federal revenue of \$390,000 each day with 100 percent federal match. She said that the time to design a new benefit plan would not be in the department's current capacity. She declared that the expansion group would follow implementation of the reform efforts.

CHAIR SEATON asked if some of the optional services were in place because it was cheaper to provide the necessary service through optional waivers, instead of a higher level of care through the mandatory institutional services which would increase the cost.

COMMISSIONER DAVIDSON expressed agreement, noting that in-facility care was a mandatory service, whereas home and community based services were optional services that allowed individuals to remain at home and in their communities, and at a much lower cost.

[4:48:35 PM](#)

REPRESENTATIVE WOOL maintained his objection.

A roll call vote was taken. Representatives Stutes and Vazquez voted in favor of Amendment 13, labeled 29-GH1055\A.34, Strasbaugh/Glover, 3/28/15. Representatives Tarr, Foster, Wool, and Seaton voted against it. Therefore, Amendment 13 failed by a vote of 2 yeas - 4 nays.

[4:49:42 PM](#)

REPRESENTATIVE VAZQUEZ moved to adopt Amendment 14, labeled 29-GH1055\A.36, Glover, 3/28/15, which read:

Page 7, line 9, following "regulations.":

Insert "The department may only consider information provided by a person claiming undue hardship that the department verifies through a source other than the person's own statement."

Page 7, following line 15:

Insert a new bill section to read:

"* Sec. 9. AS 47.07.020 is amended by adding a new subsection to read:

(o) The department shall prepare a report that describes the total amount that has been recovered or saved by the ineligibility period imposed under (m) of this section and the total amount excluded for a transfer of assets below fair market value under a hardship waiver under (g) of this section for the previous calendar year. On or before January 1 of each year, the department shall deliver the report to the senate secretary and the chief clerk of the house of representatives and notify the legislature that the report is available."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 10"

Insert "sec. 11"

Page 9, line 17:

Delete "10"

Insert "11"

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 14 and 15"

Page 9, line 24:

Delete "by sec. 16"

Insert "in sec. 17"

CHAIR SEATON objected for discussion.

REPRESENTATIVE VAZQUEZ read from the proposed amendment: "The department may only consider information provided by a person claiming undue hardship that the department verifies through a source other than the person's own statement." She said that currently DHSS could take a person's statement at face value that they would experience hardship. She went on to state that the proposed amendment also required the department to prepare and submit a report on the savings from the eligibility period excluding the transfer of assets on or before January 1 of each year. She explained that this applied to the assets of an individual who was receiving Medicaid benefits for long term care, and would assist the state in recovering assets to pay back the Medicaid program.

[4:51:29 PM](#)

MR. SHERWOOD directed attention to page 1, lines 2 - 4, which he declared was consistent with department practice, and, although it was not an explicit requirement, the department generally did verify hardship. He stated that the penalties applied to cases where individuals were seeking long term care, and other individuals were familiar with the situation and the care. He suggested that a caveat to the report would be that, as the penalty for a transfer of an asset was a period of ineligibility for services, there would not be any billing or payment of services. He said that any savings would only be an estimate and not an actual savings, as there was not necessarily any way to determine the actual expenses during the ineligibility.

CHAIR SEATON acknowledged that there were a lot of reports, and he was not convinced that there would be a gain for any real

information from the report. He moved to adopt conceptual Amendment 1 to proposed Amendment 14: Page 1, delete line 6 through Page 2, line 10. He stated that this would delete the report which he opined would be somewhat costly and an administrative burden that would not offer any valuable information. He expressed his agreement with the rest of proposed Amendment 14.

REPRESENTATIVE VAZQUEZ objected to proposed conceptual Amendment 1 of Amendment 14, opining that "it would be very helpful to the legislature to see what endeavors are being made in this arena."

[4:54:26 PM](#)

CHAIR SEATON offered his belief that there was nothing to be gained and that it would just cost money for the report.

REPRESENTATIVE TARR expressed her support for the proposed amendment with the conceptual amendment, noting that there was not a lot of help to be gained from a report of estimated cost savings.

[4:55:27 PM](#)

A roll call vote was taken. Representatives Wool, Tarr, Foster, Stutes, and Seaton voted in favor of Conceptual Amendment 1 to Amendment 14. Representative Vazquez voted against it. Therefore, Conceptual Amendment 1 to Amendment 14 passed by a vote of 5 yeas - 1 nay.

[4:56:13 PM](#)

CHAIR SEATON removed his objection to proposed Amendment 14, as amended. There being no further objection, Amendment 14, labeled 29-GH1055\A.36, Glover, 3/28/15, as amended, was adopted.

[4:56:51 PM](#)

CHAIR SEATON said that HB 148 would be held over.

AMENDMENTS

The following amendments to HB 148 were either discussed or adopted during the hearing. [Shorter amendments are provided in the main text only.]

Amendment 8, labeled 29-GH1055\A.20, Glover, 3/25/15, which read:

Page 2, line 13, following "program":

Insert ";

(4) the Department of Health and Social Services shall establish prevention of disease as a primary model of health care in the state, as requested by the legislature in Legislative Resolve 16 of the Twenty-Seventh Alaska State Legislature"

Page 2, following line 16:

Insert a new bill section to read:

"* **Sec. 3.** AS 47.05.010 is amended to read:

Sec. 47.05.010. Duties of department. The Department of Health and Social Services shall

(1) administer adult public assistance, the Alaska temporary assistance program, and all other assistance programs, and receive and spend money made available to it;

(2) adopt regulations necessary for the conduct of its business and for carrying out federal and state laws granting adult public assistance, temporary cash assistance, diversion payments, or self-sufficiency services for needy families under the Alaska temporary assistance program, and other assistance;

(3) establish minimum standards for personnel employed by the department and adopt necessary regulations to maintain those standards;

(4) require those bonds and undertakings from persons employed by it that, in its judgment, are necessary, and pay the premiums on them;

(5) cooperate with the federal government in matters of mutual concern pertaining to adult public assistance, the Alaska temporary assistance program, and other forms of public assistance;

(6) make the reports, in the form and containing the information, that the federal government from time to time requires;

(7) cooperate with the federal government, its agencies, or instrumentalities in establishing, extending, and strengthening services for the protection and care of homeless, dependent, and neglected children in danger of becoming delinquent, and receive and expend funds available to the

department by the federal government, the state, or its political subdivisions for that purpose;

(8) cooperate with the federal government in adopting state plans to make the state eligible for federal matching in appropriate categories of assistance, and in all matters of mutual concern, including adoption of the methods of administration that are found by the federal government to be necessary for the efficient operation of welfare programs;

(9) adopt regulations, not inconsistent with law, defining need, prescribing the conditions of eligibility for assistance, and establishing standards for determining the amount of assistance that an eligible person is entitled to receive; the amount of the assistance is sufficient when, added to all other income and resources available to an individual, it provides the individual with a reasonable subsistence compatible with health and well-being; an individual who meets the requirements for eligibility for assistance shall be granted the assistance promptly upon application for it;

(10) grant to a person claiming or receiving assistance and who is aggrieved because of the department's action or failure to act, reasonable notice and an opportunity for a fair hearing by the office of administrative hearings (AS 44.64.010), and the department shall adopt regulations relative to this;

(11) enter into reciprocal agreements with other states relative to public assistance, welfare services, and institutional care that are considered advisable;

(12) establish the requirements of residence for public assistance, welfare services, and institutional care that are considered advisable, subject to the limitations of other laws of the state, or law or regulation imposed as conditions for federal financial participation;

(13) establish the divisions and local offices that are considered necessary or expedient to carry out a duty or authority assigned to it and appoint and employ the assistants and personnel that are necessary to carry on the work of the divisions and offices, and fix the compensation of the assistants or employees, except that a person engaged in business as a retail vendor of general merchandise,

or a member of the immediate family of a person who is so engaged, may not serve as an acting, temporary, or permanent local agent of the department, unless the commissioner of health and social services certifies in writing to the governor, with relation to a particular community, that no other qualified person is available in the community to serve as local welfare agent; for the purposes of this paragraph, a "member of the immediate family" includes a spouse, child, parent, brother, sister, parent-in-law, brother-in-law, or sister-in-law;

(14) provide education and health-related services and referrals designed to reduce the number of out-of-wedlock pregnancies and the number of induced pregnancy terminations in the state;

(15) investigate reports of abuse, neglect, or misappropriation of property by certified nurse aides in facilities licensed by the department under AS 47.32;

(16) establish state policy relating to and administer federal programs subject to state control as provided under 42 U.S.C. 3001 - 3058ee (Older Americans Act of 1965), as amended, and related federal regulations;

(17) administer the older Alaskans service grants under AS 47.65.010 - 47.65.050 and the adult day care and family respite care grants under AS 47.65.100;

(18) establish guidelines for medical assistance providers to develop health care delivery models that encourage adequate nutrition and disease prevention."

Renumber the following bill sections accordingly.

Page 9, line 12:

Delete "sec. 10"

Insert "sec. 11"

Page 9, line 17:

Delete "10"

Insert "11"

Page 9, line 23:

Delete "Sections 13 and 14"

Insert "Sections 14 and 15"

Page 9, line 24:

Delete "by sec. 16"

Insert "in sec. 17"

Amendment 10, labeled 29-GH1055\A.25, Nauman/Glover, 3/28/15, which read:

Page 1, line 3, following "**Services;**":

Insert "**creating the Medicaid Task Force;**"

Page 9, following line 3:

Insert a new bill section to read:

"* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:

MEDICAID TASK FORCE. (a) The Medicaid Task Force is created in the legislature for the purpose of making recommendations for potential cost savings related to the medical assistance program.

(b) The task force consists of 13 members as follows:

(1) four senators selected by the president of the senate based on their knowledge of health, finance, and budgetary issues;

(2) four representatives selected by the speaker of the house of representatives, based on their knowledge of health, finance, and budgetary issues;

(3) the commissioner of health and social services;

(4) four public members selected by the governor based on their knowledge of the health care systems of the state, Medicaid, and the budget of the state.

(c) The task force shall, not later than February 1 each year, deliver a report to the senate secretary and chief clerk of the house of representatives and notify the legislature that the report is available. The report must include

(1) policy options and recommendations to reduce costs related to Medicaid use in the state;

(2) recommendations, including draft legislation, to achieve the policy objectives proposed by the task force.

(d) The task force shall meet as frequently as necessary and may meet between sessions of the legislature to carry out its responsibilities.

(e) The speaker of the house of representatives and the president of the senate shall jointly appoint the chair of the task force from among the legislative members of the task force. The task force shall meet at the call of the chair.

(f) A majority of the task force constitutes a quorum; a vacancy on the task force shall be filled in the same manner as the original selection or appointment.

(g) The task force may request data and other information from the Department of Health and Social Services and other state agencies.

(h) The staff of the legislator who chairs the task force shall provide administrative and other support to the task force.

(i) Public members of the task force serve without compensation but are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

(j) The task force expires April 1, 2017."

[4:57:10 PM](#)

RECESSED

There being no further business before the committee, the House Health and Social Services Standing Committee meeting was recessed to a call of the chair at 4:57 p.m.